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COMMITTEES:

COMMERCE, SCIENCE, AND
TRANSPORTATION: RANKING

APPROPRIATIONS
COMMERCE, JUSTICE, STATE AND
THE JUDICIARY: RANKING
DEFENSE
LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION
ENERGY AND WATER DEVELOPMENT
INTERIOR

BUDGET

DEMOCRATIC POLICY COMMITTEE

Honorable Charles E. Grassley
United States Senate
Washington, DC 20510-0001

Dear Chairman Grassley:

On January, 9, 2003, I introduced a one percent value added tax to pay for our war efforts. The bill, S. 112, is titled the War Financing Act of 2003 and has been forwarded to your committee.

Experts estimate that the war will cost approximately \$100 to \$200 billion. This does not include the post war rebuilding costs which are estimated in the trillions of dollars. Nor do we know costs associated with any potential conflict with North Korea. Finally, we know that the President's budget predicts massive deficits for this year, without taking into account the cost of war with Iraq. We have paid for every other war in our nation's history.

In light of the above, I request that as Chairman of the Senate Finance Committee, you hold a hearing on methods of raising revenue to finance the war. My proposal, a one percent value added tax, is a very modest step towards paying for our war debts. I do not suggest that this is the only avenue for raising war revenues, but rather, hope this is one of several options for a war finance hearing.

With kindest regards, I am

Sincerely,



Ernest F. Hollings

EFH/bah